

Harmonization and Enforcement of USPTO Ethical Standards in the Post-AIA Era



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Authority for OED's Regulation of Conduct

- ▶ 35 U.S.C. § 2(b)(2)(D): “The Office may establish regulations, not inconsistent with law, which....
 - (D) may govern the ... conduct of agents, attorneys, or other persons representing applicants or other parties before the Office....”
- ▶ Attorneys and agents are subject to discipline for not complying with USPTO regulations. 35 U.S.C. §32; see *Bender v. Dudas*, 490 F.3d 1361, 1368 (Fed. Cir. 2007)(Section 2(b)(2)(D) and 35 U.S.C. §32 authorize the USPTO to discipline individuals who engage in misconduct related to “service, advice, and assistance in the prosecution or prospective prosecution of applications.”).



Authority for OED to Pursue Discipline of Practitioners

- ▶ Practitioners are subject to discipline for not complying with USPTO regulations, regardless of whether their conduct was related to practice before the Office:
 - Patent attorney reprimanded for litigation misconduct, i.e., filing and arguing a frivolous appeal and misstating district court record. 37 CFR §§10.23(b)(4)(misrepresentation) and (b)(5)(conduct prejudicial to the administration of justice). See *In re Allen Brufsky*, Proceeding No. D09-09 (May 6, 2009); see also *In re Kevin Imes*, Proceeding No. D09-45 (March 15, 2011)(suspended for 3 months for engaging in malicious prosecution and abuse of process).
 - Patent agent excluded upon consent for misappropriation of non-profit organization's funds and use of organization's credit card for personal use. 37 CFR §§10.23(a) and (b)(3),(4),and(6). See *In re George Reardon*, Proceeding No. D2012-19 (June 4, 2012).



Changes to Representation of Others Before the United States Patent and Trademark Office

- Final Rule for new USPTO Rules of Professional Conduct published on **April 3, 2013**:
 - **78 Federal Register 20179.**
 - Effective Date: **May 3, 2013.**
- 37 CFR §§ 11.101-901, and other provisions.
- New ethics rules based on ABA Model Rules of Professional Conduct.
- Provides attorneys with consistent, updated professional conduct standards throughout the Nation.



Changes to Representation of Others Before the USPTO (*cont'd*)

- OED Received Comments from 19 parties regarding the proposed rules.
 - Comments regarding a variety of provisions.
 - Crosswalk between ABA Model Rules and Final USPTO Rules showing insertions and deletions.
 - OED Information Page for new ethics rules:
<http://www.uspto.gov/ip/boards/oed/ethics.jsp>.



Highlights of Final New Ethics Rules

- 37 CFR § 11.106 – Confidentiality of information.
 - Modifies ABA Model Rule to accommodate duty of disclosure before the USPTO.
 - § 11.106(a): prohibition on revealing client information.
 - § 11.106(b): permissive disclosure of client information.
 - § 11.106(c): practitioner shall comply with the duty of disclosure before the USPTO.



Highlights of Final New Ethics Rules (*cont'd*)

- Removed Practitioner Maintenance Fee.
- No CLE Reporting Requirement.
- §§ 11.105, 11.107-110, 11.112, 11.117-118 – rules specifying that notice, consent, or other terms with clients should be in writing.
- § 11.115 – Safekeeping property.
- § 11.201 – Advisor.



Highlights of Final New Ethics Rules (*cont'd*)

- § 11.307 – Practitioner as a witness.
- § 11.801(b) – Duty to cooperate.
- § 11.804(h) – Reciprocal discipline.
- § 11.804(i) – Fitness to practice.



Sources of Grievances Against Practitioners

- ▶ An investigation may be initiated pursuant to information from any source suggesting possible grounds for discipline.

37 CFR § 11.22(a).

- External to USPTO
 - Clients, Colleagues, Others.
- Internally within USPTO
 - Patent Corps, Trademark Corps, Other.
- Other
 - Published Decisions, News Articles.



Types of Disciplinary Complaints

- ▶ Predicated on “probable cause” determination by Committee on Discipline (COD) after Committee convenes. 37 CFR §11.32.
- ▶ Reciprocal discipline. 37 CFR §11.24.
- ▶ Interim Suspension based on conviction of a serious crime. 37 CFR §11.25.



Complaint – “Probable Cause”

Four steps precede the filing of a complaint based on a “probable cause” finding by the COD:

1. Preliminary screening of allegations;
2. Requesting information from practitioner;
3. Conducting investigation after providing practitioner an opportunity to respond; and
4. Submitting complaint to COD for “probable cause” determination.



Potential Post-Investigation Outcomes

- ▶ Upon completion of the investigation, OED may:
 - Close the investigation without further action;
 - Issue a warning;
 - Enter into a proposed settlement agreement; or
 - Convene the COD to determine whether there is “probable cause” to file a disciplinary action against practitioner.



Statute of Limitations

- ▶ The Leahy-Smith America Invents Act (AIA) amended 35 U.S.C. § 32 to require disciplinary proceedings to be commenced not later than the earlier of:
 - 10 years after the misconduct occurred, or
 - One year from when the misconduct was made known to the USPTO, as prescribed in the regulations governing disciplinary proceedings.
- ▶ “Grievance” means a written submission, ***regardless of the source***, received by the OED Director that presents possible grounds for discipline of a specified practitioner. 37 CFR §11.1.



Possible Ethics Impact of AIA Provisions

▶ Oath/Declaration Rules

- Removal of “deceptive intent” language from various provisions.

▶ Best Mode

- Revision of 35 U.S.C. §282 to limit this defense in patent litigation.

▶ Supplemental Examination

- Inequitable Conduct Implications.

▶ First-Inventor-To-File Rules create New Prior Art etc.

- Revision of 35 U.S.C. §102.
- Old First-to-Invent rules remain for some applications.

▶ PTAB *Pro hac vice*

- 37 CFR § 42.10.
- Granted upon showing of good cause.
- Lead Counsel must be Registered Practitioner.
- Board has discretion to revoke *pro hac vice* status.



Possible Ethics Impact of AIA Provisions (*cont'd*)

Post Grant Review vs. *Inter Partes* Review

Post Grant Review	<i>Inter Partes</i> Review
Limited time for filing	Broader timing requirements
Higher standard for petition	Lower standard for petition
Broader scope for claim challenges	Narrower scope for claim challenges
Available only for first-to-file patents	



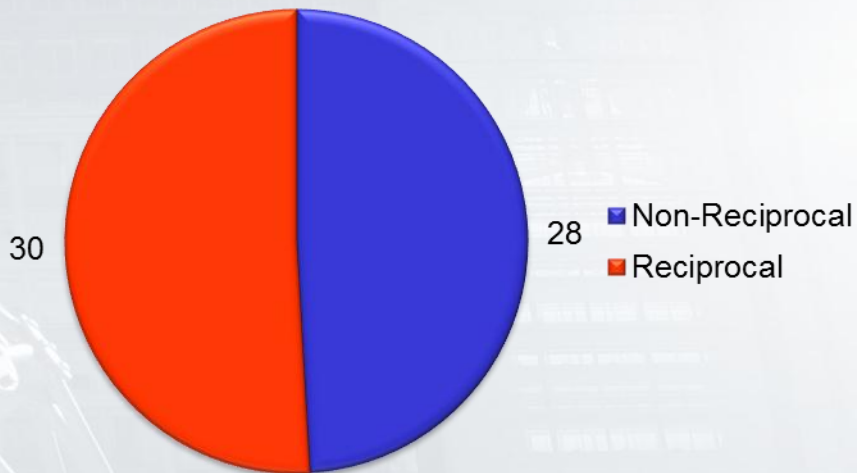
Therasense v. Becton, Dickinson & Co., 649 F.3d 1276 (Fed. Cir. 2011)

- ▶ “But For” Materiality.
- ▶ Affirmative Egregious Misconduct.
- ▶ Proposed Revision to 37 CFR §§1.56 and 1.555
(76 Fed. Reg. 43631-43634 (July 21, 2011)).
- ▶ 37 CFR §§ 11.303, 11.804 (former 10.23(c)(10)) –
it is misconduct to knowingly violate requirements
of 37 CFR §§1.56 or 1.555 .

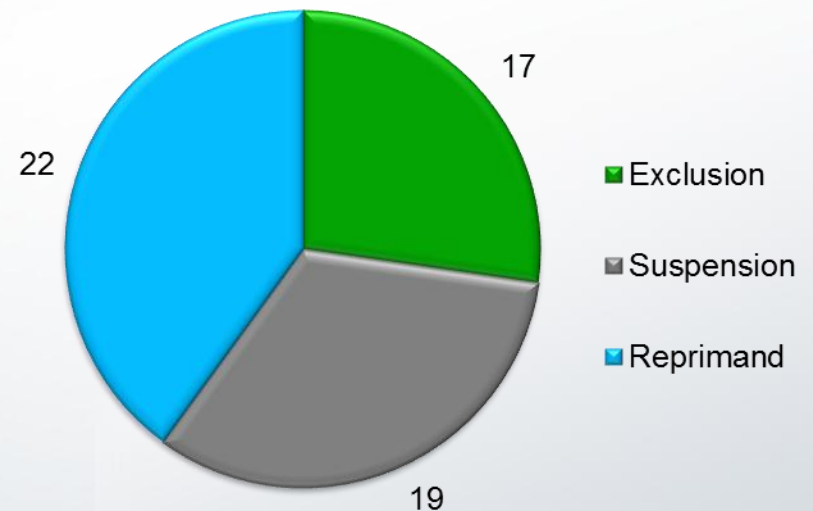


FY2012 OED Disciplinary Decisions

Breakdown of Reciprocal vs. Non-Reciprocal Formal Decisions



Types of Disciplinary Action





Letters of Warning

- ▶ Warning Letters Are Confidential and Non-Disciplinary. 37 CFR § 11.21.
- ▶ In FY 12, OED has issued 120 Warning Letters.
- ▶ In FY 13, to date, OED has issued 60 Warning Letters.



Frequent Causes for Grievances

► Neglect

- Failure or delay in filing patent application.
- Failure to reply to Office actions.
- Failure to revive or assist in reviving abandoned applications.
- Failure to turn over files to new representative.
- Failure to communicate with client.
 - Duty to report Office actions.
 - Duty to reply to client inquiries.



Examples of Neglect

► Less Severe

- *In re Kubler* (D2012-04)
 - Neglected to communicate with clients
 - Lacked uniform system of client notification and reply
 - **Reprimanded**
- *In re Rayve* (D2011-19)
 - Failed to notify clients of correspondence
 - Allowed applications to become abandoned
 - **Suspended for 2 years**

► More Severe

- *In re Shippey* (D2011-27)
 - Neglected multiple matters entrusted to her
 - Engaged in multiple counts of professional misconduct
 - Handled matters without adequate legal preparation
 - Failed to seek lawful objectives of client
 - Failed to carry out employment contract with clients
 - **Excluded**



Frequent Causes for Grievances (*cont'd*)

► Dishonesty, Fraud, Deceit or Misrepresentation

- Concealing from client date of Office action, abandonment, and/or real reason for abandonment.
- Misrepresenting to client status of abandoned application as pending.
- Making false statements to USPTO in petitions to obtain extensions of time or other benefits.



Examples of Dishonesty, Fraud, Deceit or Misrepresentation

► Less Severe

- *In re Chan* (D2011-21)
 - Had clients sign oaths or declarations prior to any application preparation
 - Thus, violated oath that person reviewed application
 - **Reprimanded**
- *In re Amberly* (D2009-07)
 - Knowingly made false statements to the Virginia State Bar in connection with a disciplinary matter.
 - **Reprimanded**

► More Severe

- *In re Reardon* (D2012-19)
 - As NAPP President, he misappropriated at least \$116,894 of NAPP funds for his personal use;
 - Used NAPP credit card for personal use without authorization;
 - Submitted false annual financial reports to NAPP to conceal his conduct
 - **Excluded**
- *In re Massicotte* (D2012-22)
 - Provided Office with false or misleading information in connection with petitions to revive three abandoned TM applications
 - **Suspended for 2 years**



Examples of Dishonesty, Fraud, Deceit or Misrepresentation (*cont'd*)

► More Severe (*cont'd*)

– *In re Gaudio* (D2012-12)

- Non-registered practitioner who formed and controlled day-to-day operations of a corporation named The Inventors Network, a corporation not authorized to practice patent law.
- Knowingly allowed the corp. to file >150 patent apps with the Office that were not prepared, reviewed, or signed by a registered patent practitioner.
- **Excluded.**



Frequent Causes for Grievances (*cont'd*)

► Fee-Related Issues

- Repeated failure to reply to notices of missing parts of application.
- Failure to return client's advanced fees.
- Improper commingling of clients' advanced legal fees with practitioner's funds.
- Checks returned or EFTs dishonored for insufficient funds.
- Failure to disclose fee escrow and business relationship with invention development companies.



Examples of Fee-Related Issues

► Less Severe

- *In re Scott* (D2011-34)
 - Had 5 checks returned for insufficient funds
 - Agreed to new trust account with Florida bar monitoring
 - **Reprimanded**
- *In re Johansen* (D2011-35)
 - Had 2 checks dishonored for insufficient funds
 - Each to revive abandoned applications
 - But both applications not revived
 - **Reprimanded**

► More Severe

- *In re Ames* (D2011-25)
 - Abandoned applications and clients without consent
 - Failed to refund fees
 - **Excluded**
- *In re Peterson* (D2011-54)
 - Convicted of theft from client's business checking account by using a check debit card to withdraw funds and writing checks on the account without client's knowledge, permission, or consent
 - **Excluded**



Conduct that Adversely Reflects on Fitness to Practice

► *In re Tassan* (D03-10)

- Patent Attorney represented Client in opposition proceeding before the TTAB.
- After the TTAB issued a Final Decision sustaining the opposition to Client's application for registration, Attorney left voicemail messages for 3 different TTAB Administrative Judges.
- Each voicemail message contained expletives and abusive language.



Conduct that Adversely Reflects on Fitness to Practice (*cont'd*)

- *In re Tassan* (cont.)
 - **Reprimanded;**
 - Prohibited from in-person or telephone communication with TTAB judges for 2 years (outside of TTAB hearings); and
 - Ordered to complete a course of treatment for anger management (with confirmation letter of successful completion required).



Decisions Imposing Public Discipline Available In FOIA Reading Room

- ▶ <http://e-foia.uspto.gov/Foia/OEDReadingRoom.jsp>
 - ▶ In the field labeled “Decision Type,” select “Discipline” from the drop down menu.
 - To retrieve all discipline cases, click “Get Info” (not the “Retrieve All Decisions” link).
- ▶ Official Gazette for Patents
 - http://www.uspto.gov/news/og/patent_og/index.jsp
Select a published issue from the list, and click on the “Notices” link in the menu on the left side of the web page.



Contacting OED

- ▶ For Informal Inquiries, Contact OED at 571-272-4097
- ▶ THANK YOU